



USAID
FROM THE AMERICAN PEOPLE



MPEP SEMINAR SERIES

Exploring Frontiers in Inclusive Market Development

ONE COUNTRY, TWO MODELS: ADJUSTING FINANCIAL SERVICES TO FIT SMALLHOLDER INPUT SUPPLY SYSTEMS

WEBINAR CHAT TRANSCRIPT

DECEMBER 16, 2014

PRESENTERS

Jean-Michel Voisard, IRG/Engility

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Dirk Lebe: Hi. I am working in Indonesia on a cocoa project...

USAID Microlinks: Hi everyone! Please let me know if you could hear my audio. And tell us a little about yourself - where you're joining us from.

USAID Microlinks: Hi Dirk! Great to have you joining us from Indonesia!

Dan Norell: I can hear.

Sarah Halfman: Audio is good.

Caroline Fowler: Yes, audio is good.

Dan Norell: D.C.

Sarah Halfman: Joining from Mercy Corps, Portland.

Caroline Fowler: Hi, I'm with EcoVentures International; joining from Washington, D.C.

Richard Tinsley: Dick Tinsley, Colorado State University.

Sarah Halfman: My pleasure!

Jenny Lautzenheiser: Hi, I'm joining from Futures Group in D.C.

Danielle Stoermer: Hi, I'm FTF Evaluation Specialist with Peace Corps in Washington - coming from Peace Corps/Senegal.

Dan Norell: I am with World Vision in Washington, D.C.

Nadia Namken: I am Nadia Namken from ACIDI/VOCA HQ in Washington, D.C.

Aliou Ndiaye: Hello Jean-Michel, supporting you - Aliou from Senegal.

Mark Adams: Mark Adams from One Acre Fund Nairobi.

Don Van Atta: Chief of Party, USAID's Farmer Advisory Services in Tajikistan.

Anna Amegatcher: Hi, I'm joining from Growth Mosaic Ltd in Ghana.

Anthony Mang'eni: Joining from Zambia (Catholic Relief Services).

George Kegode: Independent Consultant joining in from Maryville, MO.

Josilien Edouard: Hi, I am with AECOM Montreal (agricultural economy, value chain development).

Karim Sarr: Hello, I am sorry that I could not be there in person. I work for Crown Agents in D.C. on a USAID project.

Nomathemba Mhlanga: Nomathemba Mhlanga from FAO- Italy.

Dan Zook: Dan Zook, New York, the Initiative for Smallholder Finance.

Elizabeth Dunn: Elizabeth Dunn of Impact LLC, working on USAID's LEO project.

Kirsten Pfeiffer: I'm Kirsten Pfeiffer, joining from Engility-IRG Agriculture and Food Security.

Max Mattern: Hi all, Max Mattern from CGAP in D.C.

Vanessa Avila: Vanessa Avila from TechnoServe in here in D.C.

Elon Gilbert: Elon Gilbert from Arlee, MT.

Christian Loupeda: Hi everyone, this is Christian from Freedom from Hunger from California.

Jessica Bachay: Jessica Bachay, FHI 360, D.C.

Steve Morris: Steve Morris - Livelihoods Advisor for VSO - based in Lusaka, Zambia.

Lori Reid: Hi, Lori Reid from FHI 360 in D.C.

Mark Brennan: Mark Brennan, MIT Humanitarian Response Lab / Researcher from USAID's Higher Education Solutions Network.

Josh Folkema: Josh Folkema, World Vision Canada, Toronto.

Madeleine Smith: Hi, Madeleine Smith from JSI-SPRING in Seattle.

Indra Klein: Indra Klein, D.C.

Sarah Halfman: Have you enabled the call-in audio?

Kevan Hayes: Kevan Hayes from the Kaizen Company in D.C.

Indra Klein: Hi, looking forward to the presentation.

Robin Gille: Hi, Robin Gille, independent consultant joining from France.

KDAD AV Tech: Thanks to all who are joining today. We're still getting settled in the room and anticipate starting in a few minutes.

KDAD AV Tech: Kindly take the time to introduce yourself, your organization and tell us where you're located please.

Indra Klein: Wow, audio is fantastic!

KDAD AV Tech: Also, check out the polls.

Dirk Lebe: Dirk Lebe, Swisscontact Indonesia, cocoa project.

Waringa Kibe: Waringa Kibe from Global Communities in Rwanda.

Ryan Tapscott: Ryan Tapscott from Esperanca in Phoenix, AZ.

Dirk Lebe: Sorry, didn't get all. Just too much background noise.

Aliou Ndiaye: Working for compatible technology International in Senegal, a nonprofit working to design post-harvest tools for smallholders.

Deborah Foti: Hiinga Uganda, microfinance NGO working in the AG sector in Uganda.

Yi Wei: Yi Wei from iDE, based in Cambodia.

Lyndsay Booth: Lyndsay Booth, Digital Communications Specialist from Engility, based in Washington D.C.

Peter Loach: Mercy Corps Guatemala.

USAID Microlinks: Hi everyone, we're getting started shortly. If you couldn't hear me in the chat pod, please let me know and we'll work to resolve the issue!

Lorna Grace: Lorna Grace, Small Finance Big Change.

Rodrigo Martinez: There is a lot of background noise.

Steve Morris: Metro Disaster?

Regina Brown: CADRE, Thies, Senegal.

USAID Microlinks: Metro center was shut down.

USAID Microlinks: Regina, great to have you joining us from Senegal!

Fernando Manzo Ramos: Hello. Fernando Manzo-Ramos, working in rural microfinance for agricultural producers and women in Mexico.

Steve Morris: So long as it wasn't a major crash. Phew!

Lori Reid: Lost audio.

Richard Tinsley: I am getting a lot of echo.

Waringa Kibe: It's breaking a lot and some echo.

Adam Schreck: Thank you all for the feedback. We are in a small room and when Jean speaks loudly, you are hearing some echo.

Elon Gilbert: No echo now that USAID Microlinks is muted - much better!

Indra Klein: What are NGOs doing to increase funding flow through crowd funding or creating topic-specific giving circles comprised of donors with interest in hunger and/or empowering small farmer?

USAID Microlinks: My apologies about the echo!

USAID Microlinks: And thank you Indra for your question. We'll save it for the Q&A portion of our seminar.

Dirk Lebe: A loan is nothing else than a future saving ... Do farmers save?

Indra Klein: With regard to risk/ERM, what are top 3 for an individual farmer? What are top 3 for an NGO?

David Pankratz: Hi everyone. Forgot to introduce myself. iDE Canada.

Indra Klein: What percent of farmers are incorporating mobile technology in ag business? What apps have been developed to facilitate mgmt. of process for farmer, to include financial literacy component?

USAID Microlinks: Hi David, great to have you with us from iDE Canada!

Dirk Lebe: What are the effective interest rates of loans from banks and traders in Senegal?

USAID Microlinks: Thank you Dirk for your question! I have it saved to ask during the Q&A portion of the seminar.

Richard Tinsley: Am I the only person not seeing the slides?

David Pankratz: Do you have the latest version of Adobe?

Elizabeth Dunn: I can see the slides.

Steve Morris: So we have crowding in, replication and scaling up.

Jessica Bachay: I can see the slides, too. You may want to try joining from another browser.

USAID Microlinks: Richard, please look out for a private chat with our AV Tech, if you haven't already, to work through this issue.

Steve Morris: The kick start seems to have been the high price paid by the millers as an incentive, the serendipitous entry of the Brazilian millers and the mandatory crop insurance negotiated with the banks. But how was this negotiated?

Richard Tinsley: Ok I rejoined and all is well.

Elon Gilbert: Do farmers double cropping use different varieties? Different maturities? Quality?

USAID Microlinks: Thank you Steve and Elon. Those are good questions!

USAID Microlinks: I have them ready for the Q&A.

Indra Klein: Okay, increased turnaround, millers and bank interaction, what percent increase in revenue are farmers seeing? Are farmers being trained - financial mgmt., forecasting, etc.?

Richard Tinsley: What is the sustainable overhead costs of this program that will have to be charged to the farms once external funding ends? What percent of the crop is side sold?

USAID Microlinks: Thank you for your questions Richard! And I'm glad you are now able to see the slides.

Richard Tinsley: Is the financial management strategy to hold goods in kind as long as possible with need for immediate cash? See webpage from the www.smallholderagriculture.com website;
<http://lamar.colostate.edu/~rtinsley/FinancialStrategy.htm>

Indra Klein: Are female farmers treated the same as their male counterparts? If not, what steps are being taken to create an "equal" environment?

Richard Tinsley: How important is certified seed, vs. making certain there is reasonable quality seed in the market seed system?

Richard Tinsley: http://c.ymcdn.com/sites/www.echocommunity.org/resource/collection/F6FFA3BF-02EF-4FE3-B180-F391C063E31A/The_Crop_Genetic_Pump.pdf

Robert Navin: Question for J-M: Is it worth mentioning that market demand is the *sin quo non* for success of PCE and other FTF projects? In Senegal, better rice varieties, plus government subsidized irrigation systems helped the rice value chain. With maize, the rise of the middle class, with demand for poultry, and the poultry industry's need for maize feed, were the drivers.

Peter Loach: Farmforce is a great software-for-service technology for traceability and transaction tracking.

USAID Microlinks: Thank you for your questions Robert and Peter. Let me know where you're joining us from and your organizational affiliation.

Rodrigo Martinez: For droughts and pests, what is the likeliness of introducing GMOs? Pros and cons.

Elon Gilbert: Please expand on the role of the farmer organizations in extension, getting members on board to achieve uniformity in quality, timing of operations, etc.

Peter Loach: Mercy Corps Guatemala.

Christian Loupeda: Did PCE do anything to address gender-bias issues?

USAID Microlinks: Thank you Peter!

Richard Tinsley: For those interested, the book *Developing Smallholder Agriculture: A Global Perspective* is now available on Kindle from Amazon.

Robert Navin: I am a consultant in Virginia.

David Pankratz: Near the end you highlighted the power of farmer empowerment in doing their own work within the system. What is the education level of the farmers you work with? Our farmers are almost all innumerate.

Christian Loupeda: Lost audio!

Richard Tinsley: What kind of mills were they, single phase or 2 phase?

USAID Microlinks: Christian, where are you joining us from and what's your organizational affiliation? If your audio is still out, Christian, our AV tech will private message you.

Christian Loupeda: From California, working for Freedom from Hunger.

Richard Tinsley: What is the range of crop establishment, and what is being done to expedite this?

Christian Loupeda: OK.

Indra Klein: With regard to storage mgmt., what is strategy? (Timeline, locations, space allocation, etc.)

David Pankratz: Rice exported to Africa is often subsidized in the country of origin, thus making it a very inexpensive product. Is this the case in Senegal? How are you able to produce and mill rice for less money than the imported rice?

Aliou Ndiaye: Is there a third party to approve the "quality" in the system?

Richard Tinsley: Are the rice mills private or government-owned?

Robert Navin: What is PCE doing to make sure that middle-men don't capture the gains from increases in production? What works in terms of strengthening farmer associations?

Elon Gilbert: More on re-insurance arrangements. What happens in the event of another major drought throughout the region?

- Lorna Grace:** The availability of good storage is important in these systems, are these private warehouses? Community warehouses? Government? Are they regulated? Unregulated? Or a combination?
- Dan Norell:** Since Feed the Future is a food security program, is the nutrition and health of the children of the farmers better or worse during the project?
- Dirk Lebe:** I have to say that I am a banker with 20 years' experience in finance and 10 years in microfinance. Why do you always insist on loans? Are the farmers not able to save? A loan is nothing more than a future saving. And if they are able to repay a loan, it means they are able to save. So why the headache about interest rates from banks, collateral requirements and repayment risks?
- Richard Tinsley:** What is wrong with the middlemen? Don't they provide a more competitive and certainly more convenient service?
- Richard Tinsley:** What is greater, the middlemen profit margin or the sustainable overhead costs of the farmer organization?
- Nadia Namken:** What transactions in these VC are you subsidizing and are you observing a trend towards sustainability?
- Indra Klein:** What is average cost for a woman to position herself to participate as producer?
- Richard Tinsley:** Are people risk-averse or operationally constrained with limited labor and much committed to domestic chores?
- Elon Gilbert:** What roles (if any) are there for public sector research and extension services?
- Indra Klein:** Hi, will we have contact access to the presenter? I would like more information on costs associated with facilitating women to participate in local agricultural economy?
- Madeleine Smith:** If women are engaging in rainfed rice seed production, are measures also taken within PCE or through linkages with other programs to influence how income is used at the household level?
- Richard Tinsley:** Don't most farmers prefer to hold their good at home where it is fully under their control?

Christian Loupeda: Great point Dirk about savings! Would be good to explore what savings can do as an alternative funding strategy or complementary to loans.

USAID Microlinks: Thank you all for your questions. I'm recording them and will try to get to as many as possible!

Richard Tinsley: Please ask the question on overhead costs mentioned earlier.

USAID Microlinks: It would be helpful if you reminded me of your organizational affiliation when you ask your question.

Richard Tinsley: Dick Tinsley, Professor Emeritus Colorado State University.

Don Humpal: Don Humpal from DAI. Senegal's government often forgives farmer debt, especially before and after elections. They did so for farmers this past summer. How does this affect financial markets and availability of credit?

Dirk Lebe: It destroys the market. And it gives the farmer the perception that loans don't have to be repaid.

Richard Tinsley: Typically the farmers will accept a 20% discount for the cash from middlemen. What percent of your market share represent the loan repayments?

Indra Klein: What was the question?

Richard Tinsley: Please visit the www.smallholderagriculture.com website and many of these issues will be address, perhaps not as politically correct but factually accurate.

USAID Microlinks: Thanks for sharing that website Richard! The presentation slides are available for download to your left.

Richard Tinsley: How much of the loan repayments are confiscating crops from the better farmer to cover defaults from the poorer crops?

Richard Tinsley: For double cropping what are you allowing for a turnaround time? Is it less than 60 days? If so, most likely not reasonable.

USAID Microlinks: We'll be wrapping up with a couple more minutes for questions. Thank you all so very much for your insightful questions. We'll work with the presenter to get them answered and posted on Microlinks.

Richard Tinsley: Please look at the ECHO article on genetic pump posted earlier to see what is possible.

USAID Microlinks: I'm going to change layouts for everyone to answer some additional poll questions. We welcome your feedback as we continue to improve the seminars!

Richard Tinsley: For open pollinated seed need, to concentrate on composite varieties.

Indra Klein: Please speak a little louder.

Richard Tinsley: Are they funded enough to handle a seed certification program or in the situation in Nigeria? <http://lamar.colostate.edu/~rtinsley/VarietyImprovement.htm>

Richard Tinsley: Transport cost triple once off the tarmac, and that is almost transparently computed.

Richard Tinsley: <http://lamar.colostate.edu/~rtinsley/Off-TarmacTransportCosts.pdf>

Richard Tinsley: That is what the middlemen do, and free the farmers to concentrate on production. Thank you.

USAID Microlinks: Thank you all for your contributions in today's seminar!

Indra Klein: Thank you for an interesting presentation.

Steve Morris: Thanks J-M. This has been one of the most engaging talks I have heard recently. I shall be sharing and recommending the recording widely within our country teams working on market systems.

USAID Microlinks: If you haven't already, please push some buttons and complete our poll!

Vanessa Avila: Thank you for hosting this talk!